

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF
THE MIAMI BEACH EMPLOYEES' RETIREMENT PLAN
OF THE CITY OF MIAMI BEACH
June 12, 2012

Chairman Boyd called the meeting to order at 10:15 a.m.

Board Members present were as follows:

James Boyd		Hilda Fernandez
Jorge Gomez	Warren Green	Reinaldo Horday
Richard McKinnon	Jonathan Sinkes	

Members absent - Patricia Walker

Also present were:

Steve Cypen	Legal Counsel
Rick Rivera	Pension Administrator
Robert Martinez	Assistant Administrator
Kathie Brooks	Budget Director
Ramiro Inguanzo	Human Resources Director
Yarily Sam	Labor Relations Specialist
Carla Gomez	Labor Relations Specialist
Orlando Gonzalez	Suspended employee
Miguel Del Aguila	Attorney for Orlando Gonzalez
Melissa Algayer	Fund Actuary - via conference call

CONSENT AGENDA

The Administrator said that suspended employee, Orlando Gonzalez, was in attendance to request a return of his lump sum contributions detailed in item C-5. He said that Mr. Gonzalez had furnished the Plan a copy of his resignation letter submitted to the City. The Administrator said that he had been notified by the Human Resources director that Mr. Gonzalez's resignation had not been accepted by the City. Mr. Cypen said that the Plan can only refund accumulated pension contributions to a terminated employee. He said that there are only four (4) ways an employee can be terminated; death, retirement, voluntary termination or involuntary termination.

Mr. Del Aguila, Mr. Gonzalez's attorney, requested that Mr. Gonzalez's accumulated contributions be returned to him because he had quit. Mr. Gomez said that the pension board members are fiduciaries of the pension, autonomous from the City and must follow the pension ordinance that requires that an employee be terminated in order to be refunded his accumulated pension contributions. A discussion ensued.

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Mr. Inguanzo, Human Resources Director, said that Mr. Gonzalez would be terminated once his guilty plea is entered. Mr. Cypen suggested that the Board authorize the Administrator to return accumulated contributions to Mr. Gonzalez once he is terminated. The Administrator said that the estimated lump sum amount of \$12,628.59 listed on the agenda was very close amount to the final amount. Mr. Del Aguila stated that Mr. Gonzalez was not seeking interest earned. A discussion ensued.

A motion was made by Mr. Green duly seconded by Mr. McKinnon, and with all in favor it was unanimously

RESOLVED to grant a lump sum refund to Orlando Gonzalez in the amount not to exceed \$13,000 upon receipt by the Administrator that the applicant is no longer a City employee.

Ms. Fernandez stated that she had a conflict with Item C-8 because her two (2) year buyback application was listed for board approval.

A motion was made by Mr. McKinnon duly seconded by Ms. Fernandez, and with all in favor it was unanimously

RESOLVED that consent agenda, less item C-8 two (2) year buybacks, be approved as amended.

A motion was made by Mr. Sinkes duly seconded by Mr. Green, and with all in favor except Ms. Fernandez who abstained it was

RESOLVED that Item C-8, request for two (2) years of additional creditable service, be approved as presented.

Ms. Fernandez, an appointed officer, was provided a form 8b memorandum of voting conflict for county, municipal, and other local public officers to complete and include in the minutes of this meeting.

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C-1 The Minutes of the May 8, 2012 & May 16, 2012 board meetings were approved as presented.

C-2 New Members were approved as follows -

<u>NAME</u>	<u>ID #</u>	<u>CLASSIFICATION</u>	<u>Union</u>	<u>HIRE</u>	<u>Probation end</u>
Antonio Gonzalez	19943	Bldg Operations Manager	UNCL	3/12/2012	N/A
Linda Blanco	19981	Inspect Services Coord.	UNCL	3/19/2012	N/A
Jay Fink	20003	Asst. Dir. - PW Dept.	UNCL	4/30/2012	N/A
Jose Velez	20010	Capital Proj. Coord.	UNCL	5/14/2012	N/A
Joana Christophe	19702	Dispatcher Trainee	CWA	1/10/2011	1/11/2012
Alexis Tejeda	19721	Code Compliance I	CWA	2/23/2011	3/1/2012
Elizabeth Revilla	19741	Crime Scene Tech I	CWA	3/14/2011	3/14/2012
Sonia Louis	19742	Crime Scene Tech I	CWA	4/11/2011	1/11/2012
Sergio Benitez	19859	Water Meter Tech I	AFSCME	8/1/2011	2/1/2012
Brian Bellino	19875	City Surveyor	GSA	9/12/2011	3/12/2012
Joey Gan	19881	Sr. Elevator Insp.	others	9/20/2011	3/22/2012
Marian Izirazzy	n/a	Admin Clerk - MBVCA	N/A	3/21/2011	6/21/2011

C-3 New Retiree Allowances were approved as follows -

<u>Name</u>	<u>Date</u>	<u>Retirement Type</u>	<u>Monthly Amount</u>
Robert Anderson	6/01/2012	Ordinary Ret. from DROP	\$ 2,899.73
Cindy Harrington	7/01/2012	Ordinary Ret. from DROP	\$ 4,792.33
Mercilien Theogene	7/01/2012	Ordinary Ret. from DROP	\$ 1,553.24

C-4 New Pensioner Allowances were approved as follows - (None)

C-5 Requests for Lump Sum Refunds were approved as follows -

<u>Name</u>	<u>Separation Date</u>	<u>Amount</u>	<u>Reason</u>
Ofir Herrera	08/31/2007	\$4,080.00	Resignation
Eduardo Cuervo	01/01/2012	\$ 29,970.17	Resignation

C-6 Request for Accumulated Contribution Refund for a Named Beneficiary was approved as follows - (None)

C-7 Purchases of Creditable Service Time were approved as follows

<u>NAME</u>	<u>DATE</u>	<u>YEAR PURCHASED</u>	<u>HOURS USED</u>	<u>CASH USED</u>	<u>Total Buyback \$</u>	<u>Buyback Type</u>
PEDRO CORRALES	6/1/2012	0.50	118.52	\$ -	\$3,214.82	Probationary
JOHN MOULTRY	5/22/2012	0.55	117.85	\$ -	\$2,711.78	Probationary
EMIL CRUZE	5/9/2012	0.50	117.91	\$ -	\$3,782.33	Probationary
MANNY RODRIGUEZ	5/18/2012	0.51	97.78	\$ -	\$1,870.32	Probationary
CHARLES ZARATE	5/31/2012	0.92	305.72	\$ -	\$9,800.41	Probationary

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C-8 Request for up to Two (2) years of additional creditable service were approved as follows -

<u>Employee Name</u>	<u>Private Sector</u>	<u>Prior Military</u>	<u>Prior Gov't</u>	<u>Creditable Service Applying for</u>
YARILY SAM			x	2.0
KEITH VALLES		x		2.0
OSCAR SANTISTEBAN	x			2.0
ROBERT DE GUZMAN	x			2.0
HILDA M. FERNANDEZ	x			2.0
KENNETH PATTERSON		x		2.0
OMAR L. MONZON	x			2.0
JORGE FERNANDEZ	x			2.0
DANIEL NUNEZ	x			1.0
PAULETTE K. ROLLE			x	0.5
RICK RIVERA	x			0.5
MANNY RODRIGUEZ	x			2.0
RICHARD C. ZUECH	x			2.0

C-9 DROP applicants were approved as follows -

<u>Name</u>	<u>Effective</u>	<u>Estimated Monthly Benefit</u>	<u>Maximum Last DROP Pmt.</u>
Maria Alvarez	6/1/2012	\$ 4,197.68	05/01/2015
Ramon Martinez	7/1/2012	\$ 2,767.47	06/01/2015
William Arnold	7/1/2012	\$ 5,047.57	06/01/2015
Johnny Valencia	7/1/2012	\$ 3,673.08	06/01/2015
Efren Blanc	7/1/2012	\$ 1,764.08	06/01/2015

C-10 Lump Sum Refunds Paid since the last meeting were approved as follows -

<u>DATE</u>	<u>NAME</u>	<u>CK#</u>	<u>AMOUNT</u>
5/14/2012	Lump Sum- Gerald Stewart	113234	\$ 64,684.86
5/14/2012	945 Tax Deposit-G.Stewart	xxxx	\$ 16,171.21
5/15/2012	Lump Sum- Carlos Ocasio	113242	\$ 2,935.64
5/15/2012	945 Tax Deposit- C. Ocasio	xxxx	\$ 733.91
5/15/2012	IRA Rollover - Elisa Iglesias	113243	\$ 10,130.09
5/15/2012	IRA Rollover - Aaron Sinnes	113244	\$ 21,250.82

C-11 The Financial Reports were approved as presented.

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C-12 Requests for Payment

ADMINISTRATIVE EXPENSES

Legal

Steve Cypen- Legal Services

Legal services rendered for the month of June 2012 \$ 5,000.00

Bookkeeping

Joan Wall- Bookkeeping

services rendered for the month of June 2012 \$ 350.00

Actuary Fee

GRS- Actuary Fees

Actuary fees rendered through 4/30/12 Per inv.# 118500 \$ 14,612.00

Insurance

Crime Renewal-Advance Insurance

Renewal for Crime Policy Per Inv. # 295023 \$ 1,198.37

Fiduciary Insurance- Travelers

Renewal for period May 15-31, 2012 \$ 1,864.93

Office, etc.

Copier - Sharp Lease

Monthly copier fees per inv.# 203654504 \$ 228.56

Office Maintenance- CMB Property Management

Monthly maintenance April 2012 Per inv.# 00029649 \$ 1,418.20

Printing & Postage- CMB Central Services

April 2012 Per inv.# 00029629 dated 5/3/12 \$ 1,779.03

Custody Fees

Fiduciary - Custodian Fees RH ADR & Gen. Ret. Sys.

Qtr. Ending 3/31/12 Per inv.# S14800177521,S14800170398 \$ 9,277.62

Investment Consultant Fees

Wellington- Investment Management Fee

Qtr. Ending 3/31/12 Per inv.# 500389 \$ 49,065.05

C-13 Requests for Payment (Conferences)

Conv/Seminars/Dues/Etc

Conf. & Edu.- FPPTA

Registration fee for Warren Green Annual Conference \$ 500.00

Robert Martinez – Conf. expense reimbursement

NCPERS annual conf. NYC May 2012 \$ 3,541.17

Conf. & Edu.- Hilton Orlando Lake Buena Vista

Hotel accommodations for Warren Green/FPPTA \$ 476.00

Dues & Membership- Huckleberry Notary Bonding

Renewal fee for Notary, Echo Herman \$ 95.00

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REGULAR AGENDA

R-1 Deferred Items - (None)

R-2 New Items -

- A. Annual Required Contribution as a Percentage of Payroll or Fixed Dollar Method Memo - Ms. Brooks requested to speak on this item. Chairman Boyd invited Ms. Brooks to go over the GRS percentage of payroll memo dated June 7, 2012. Ms. Brooks said that there were 2 decisions for the Board to make. She said that the Board should decide, going forward, whether to use the fixed dollar method or percentage of payroll method to determine the annual required contribution (ARC). Ms. Brooks said that the Fund's actuary, Gabriel Roeder Smith (GRS) recommended the dollar method. Ms. Brooks said that the City was comfortable with the fixed dollar method going forward.

Ms. Brooks said that the second issue was the use of the percentage of payroll method for the fiscal year ending September 30, 2011. She said the City had applied the percentage of payroll method and received a credit of approximately \$804,000 used to offset the employer contribution paid on October 2011 for fiscal year ending September 30, 2012. Mr. Cypen said that the State had recently rescinded the percentage of payroll method, effective immediately, and that the Board could use either method as long as the method used each year is consistent.

Ms. Brooks said that she had conferred with the City's actuary, Mike Tierney, on this matter. She said that that Mr. Tierney did not feel that GRS needed to revise the 10/1/2011 valuation because of the use of the percentage of payroll method for the fiscal year ending 2011 as GRS stated in the memo. Ms. Brooks requested that the City's actuary be permitted to discuss this matter with the Fund's actuary and bring a determination back to the Board. A discussion ensued.

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Chairman Boyd asked Ms. Brooks what the implications had been by using the percentage of payroll method for the fiscal year ending 9/30/11. Ms. Brooks said that the funding percentage would decrease from 70.7% to 70.5% and there would be an increase in the ARC for fiscal year ending 9/30/2013 by approximately \$75,000 and an increase in the unfunded actuarial accrued liability of approximately \$804,000.

The Funds Actuary, Melissa Algayer, said that she and Steve Palmquist had conferred with three GRS actuaries and come to the conclusion that a revision would be necessary due to the use of the percentage of payroll for the October 1, 2011 valuation. She said that GRS would be available discuss the matter with the City's actuary as requested by Ms. Brooks. She felt that the financial statements may need to be restated as well since part of the \$14.4 million ARC received in October 2010 would be treated as a prepayment for the following year's ARC.

Chairman Boyd asked Ms. Algayer how long a revision of the valuation would take. Ms. Algayer said that a revision would take about one week. Chairman Boyd requested that Ms. Algayer notify the Board, via the Administrator, of the decision. A discussion ensued.

A motion was made by Ms. Fernandez duly seconded by Mr. Green, and with all in favor except Mr. Horday who was opposed it was

RESOLVED that going forward the Fund use the fixed dollar method as a contribution method to determine the City's annual required contribution.

A discussion ensued regarding the implication of using the percentage of payroll method for fiscal year ending 9/30/2011 since the contribution for fiscal year ending 9/30/2011 was based on a rule that the State imposed at the time the contribution was made. Ms. Algayer said the Board could retrospectively use the fixed dollar method for fiscal year ending 9/30/2011. She said this would require the City to make an additional \$804,245.43 contribution as soon as reasonably possible.

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Mr. Cypen suggested approving a revision of the October 1, 2011 valuation if necessary provided GRS can determine an estimated cost for the revision. Ms. Algayer said that she estimated the valuation revision to cost no more than \$5000.

A motion was made by Mr. McKinnon duly seconded by Mr. Green and with all in favor it was unanimously

RESOLVED that the Board accept the percentage of payroll method that was used to calculate the annual required contribution for the fiscal year ended 9/30/2011 subject to a possible revision of the October 1, 2011 valuation that would result in lowering the funded ratio from 70.7% to 70.5, increase the ARC for fiscal year ending 9/30/2013 by approximately \$75,000 and increase the unfunded actuarial assumed liability by approximately \$804,245.43.

R-3 Other Business

- A. Administrator's Report - The Administrator went over the DROP update, 415 limits GRS Memo and the Travelers fiduciary liability policy renewal certificate as outlined in the agenda.

R-5 For Your Information

Chairman Boyd and Mr. Cypen reviewed For Your Information.

There being no further business to discuss, a motion was made by Mr. McKinnon duly seconded by Mr. Green and unanimously

RESOLVED That the meeting be adjourned. The meeting was adjourned at 11:05 a.m.

James Boyd, Chairman

Hilda Fernandez, Secretary